

GRAYLING TOWNSHIP

CRAWFORD COUNTY

AUDIT REPORT

JUNE 30, 2005

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

| | | | |
|---|-----------------------------------|---|--------------------|
| Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other | | Local Government Name Grayling Township | County Crawford |
| Audit Date June 30, 2005 | Opinion Date December 16, 2005 | Date Accountant Report Submitted to State: December 22, 2005 | |

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Procedures for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

| | Enclosed | To Be Forwarded | Not Required |
|---|----------|-----------------|--------------|
| The letter of comments and recommendations. | | | X |
| Reports on individual federal financial assistance programs (program audits). | | | X |
| Single Audit Reports (ASLGU). | | | X |

| | | | |
|--|------------------|------------------|--------------|
| Certified Public Accountant (Firm Name) Mickey L. Perez, P.C. | | | |
| Street Address 115 Michigan Avenue | City Grayling | State MI | ZIP 49738 |
| Accountant Signature Mickey L. Perez, C.P.A. | | Date 12/22/05 | |

GRAYLING TOWNSHIP OFFICIALS

Supervisor

Terry Wright

Clerk

Monica Ashton

Treasurer

Ruth O'Mara

TRUSTEES

Shawn Kraycs

Dennis Long

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**MICKEY L. PEREZ, P.C.
CERTIFIED PUBLIC ACCOUNTANT
115 MICHIGAN AVE.
P. O. BOX 57
GRAYLING, MICHIGAN 49738**

INDEPENDENT AUDITOR'S REPORT

Grayling Township Board
Grayling Township
Grayling, Mi. 49738

I have audited the accompanying governmental and fiduciary financial statements of Grayling Township, Crawford County, Michigan as of and for the year ended June 30, 2005, as listed in the table of contents. These financial statements are the responsibility of the Township's management. My responsibility is to express an opinion on these financial statements based on my audit.

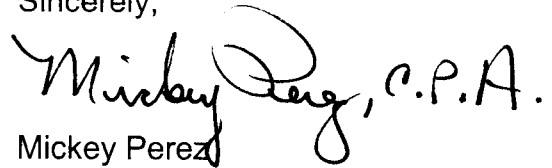
I have conducted my audit in accordance with generally accepted auditing standards accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

The township has adopted the fund financial statement format required by the Michigan Department of Treasury. The township has elected not to prepare government wide financial statements as required by GASB No. 34.

In my opinion, except for the departure from GASB No. 34, as explained in the preceding paragraph, that result in an incomplete presentation, the governmental and fiduciary financial statements present fairly, in all material respects, the financial position of the governmental and fiduciary funds of Grayling Township as of June 30, 2005, and the revenue, expenditures and changes in fund balances in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 2-4, and budgetary comparison information on pages 14-17 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.

Sincerely,


Mickey Perez

Certified Public Accountant

December 16, 2005

Management's Discussion and Analysis
An addendum to Grayling Township's annual audit for fiscal year 2004-2005

As supervisor of the Township of Grayling, (the "township"), I offer herein the township's financial statements, and narrative overview and analysis of those statements for our fiscal year ending June 30, 2005. I encourage consideration of the information presented here in conjunction with additional information that is furnished in the financial statements and audit.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the township's basic financial statements, and also contains other supplementary information in addition to the financial statements themselves.

Governmental Fund Balance Sheet – A fund designed to provide a broad overview of the township's finances, in a manner similar to a private sector business. This report provides information on all the township's assets and liabilities with the difference between the two reported as net assets. It also presents information showing how the township's net assets changed during the most recent fiscal year. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the township is improving or deteriorating. As of June 30, 2005 the township's total net assets were \$675,738.

Governmental Fund Statement of Revenue, Expenditures, and Changes in Fund Balance - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The township funds include the general fund, the improvement revolving fund and the liquor law enforcement fund. This statement focuses on spendable resources and balances of spendable resources available at the end of the fiscal year.

General Fund Budgetary Highlights – The general fund is the main operating fund for the township. The township improvement fund is used mainly for special non-budgeted projects outside the scope of the general fund such as the implementation of a new special assessment for road work and is not included in the general fund highlights below:

- Total general fund revenues for 2004-05 were \$972,192 and total expenditures were \$976,627 leaving a negative balance of \$4,435 in the general fund.
- Total township improvement fund revenues for 2004-05 were \$7,261 and total expenditures were \$0.
- The liquor law enforcement fund is designed as a zero-balance fund. All money collected for liquor inspections is paid to the inspector. As of June 30, 2005 revenues had exceeded expenditures by \$40, leaving a positive balance in this fund.

- The total of all revenues exceeded expenditures by \$2,786 in 2004-05.
- As of June 30, 2005, the unreserved fund balance in the general fund was \$504,437, \$145,224 in the township improvement fund, and \$4,614 in the liquor law enforcement fund.

2004-05 was a very productive year for the township with many ongoing and special projects making up the annual agenda.

- Trail and parking lot improvements were made to the township park as part of an ongoing grant from the Michigan Department of Natural Resources Trust Fund.
- The Grayling City/Twp. Fire Department moved into its new fire station, and with a substantial grant from the Federal Emergency Management Agency, was able to purchase a new state-of-the-art tanker/pumper/ladder truck which will serve as the department's first responder emergency vehicle for many years to come. Other state and local grants enabled the fire department to purchase new oxygen tanks, an air compressor, an ice rescue sled, and turn-out jackets.
- The township was a major participant in a streetscape beautification program from the Grayling City limits west along M-72 to the M-93 intersection. This project included period street lighting, pedestrian pathway, information kiosk, and many decorative plants and shrubs.

Through the implementation of special assessment districts, the township continued to assist property owners in developing road maintenance and snowplowing programs. Currently 21 private roads are being maintained, at no expense to the township, to the benefit of nearly 2,000 residents through special township assessments. Several areas also benefit from special lighting assessment districts. Road maintenance and lighting assessments totaled \$72,100 paid out by the township and collected back from property owners at the end of 2004-05.

Fixed Assets and Debt Administration – Grayling Township owns land, buildings, vehicles and equipment which are classified as fixed assets. This is the first year the township has maintained a schedule of fixed assets, and the Grayling Township Board of Trustees is currently investigating their preferred method of capturing depreciation. The fixed values of township assets was determined by investigating insurance records, meeting minutes and prior audits. As of June 30, 2005, the value of all township fixed assets was \$2,096,908.

Currently the township does not depreciate its fixed assets. Unlike a private business, fixed assets are only used to provide service, not to produce profits, therefore depreciation serves no general use in the accounting process. At some time in the future, the Grayling Township Board of Trustees may decide to adopt a depreciation schedule just for reporting purposes under the General Accounting Standards Board.

Long-term debt was incurred in the course of constructing a new \$1,000,000 fire station, in conjunction with the City of Grayling, which was completed in the 2004-05 fiscal year.

As of June 30, 2005, the total outstanding long-term debt was \$456,792 which is in a note-payable with annual installment payments.

Economic Factors and Next Year's Budget – The township continues to experience increases in property values, which increases property tax revenues. The conversion of private properties to state-owned public property through sales and bequests has slowed over the past few years because there are increasingly fewer and fewer private parcels of any size. This is good for the stability of the township's tax base. In one 35-year period, 1965-to-2000, Grayling Township averaged a loss of 1,000-acres of private property per year to the State of Michigan. The township, now 85-percent public lands, with surrounding townships and the County of Crawford continue to encourage the state to sell non-essential lands back to the private sector.

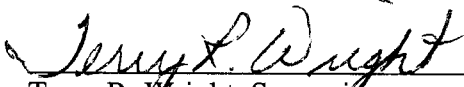
The townships slight increase in revenues from property values has been largely offset by slight decreases in state shared revenue. The township will continue to review methods for delivery of services with alternative funding sources.

The township general fund has adequate reserves to continue supporting current services with current revenue levels, however, the trash compactor/recycling center continue to generate more expenses than revenues and the township board will have to eventually decide at what level they want to continue subsidizing these services.

Requests for Information

This report is designed to provide a general overview of the township's finances. Question concerning any of the information provided in this report or requests for additional, more detailed information, should be addressed to: Terry Wright, Supervisor; P.O. Box 521; Grayling, MI 49738.

Respectively submitted by:


Terry R. Wright, Supervisor

12-20-05
Date

GRAYLING TOWNSHIP
GOVERNMENTAL FUND BALANCE SHEET
JUNE 30, 2005

| | GENERAL FUND | IMPROVEMENT REVOLVING FUND | CAPITAL PROJECTS FUND | LIQUOR LAW ENFORCEMENT FUND | TOTAL GOVERNMENTAL FUNDS |
|--|--------------------------|----------------------------------|-----------------------------|-----------------------------------|--------------------------------|
| ASSETS | | | | | |
| Cash and Cash Equivalents | \$ 5,489 | \$ | \$ 980 | \$ 4,614 | \$ 11,083 |
| Investments | 383,688 | 165,707 | | | 549,395 |
| Delinquent taxes | 140 | | | | 140 |
| Due from State of Michigan | 36,341 | | | | 36,341 |
| Due from Treasurer's tax accounts | 3,453 | | | | 3,453 |
| Special assessments-roads | <u>75,326</u> | | | | <u>75,326</u> |
| TOTAL ASSETS | \$ <u>504,437</u> | \$ <u>165,707</u> | \$ <u>980</u> | \$ <u>4,614</u> | \$ <u>675,738</u> |
| FUND BALANCES | | | | | |
| Reserved for | | | | | |
| Capital Projects | \$ | \$ | \$ 980 | \$ | 980 |
| National Forest Roads | | 20,483 | | | 20,483 |
| Unreserved | <u>504,437</u> | <u>145,224</u> | | <u>4,614</u> | <u>654,275</u> |
| Total Fund Balances | \$ <u>504,437</u> | \$ <u>165,707</u> | \$ <u>980</u> | \$ <u>4,614</u> | 675,738 |
| NET ASSETS OF GOVERNMENTAL ACTIVITIES | | | | | \$ <u>675,738</u> |

GRAYLING TOWNSHIP
GOVERNMENTAL FUND STATEMENT OF
REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2005

| | GENERAL | IMPROVEMENT REVOLVING FUND | LIQUOR LAW ENFORCEMENT FUND | TOTAL GOVERNMENTAL FUNDS |
|---|-------------------|----------------------------------|-----------------------------------|--------------------------------|
| REVENUES | | | | |
| Taxes and Penalties | \$ 279,425 | \$ | \$ | \$ 279,425 |
| Licenses and permits | 102,737 | | | 102,737 |
| State grants | 431,956 | | 1,699 | 433,655 |
| Charges for services | 127,798 | | | 127,798 |
| Interest | 5,684 | 3,409 | | 9,093 |
| Other | <u>24,592</u> | <u>3,852</u> | <u> </u> | <u>28,444</u> |
| TOTAL REVENUES | <u>972,192</u> | <u>7,261</u> | <u>1,699</u> | <u>981,152</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| General government | \$ 455,899 | \$ | \$ | \$ 455,899 |
| Public Safety | 267,581 | | 1,739 | 269,320 |
| Public Works | 223,803 | | | 223,803 |
| Community and Economic Development | | | | |
| Development | 14,514 | | | 14,514 |
| Recreational | 4,331 | | | 4,331 |
| Other | <u>10,499</u> | <u> </u> | <u> </u> | <u>10,499</u> |
| TOTAL EXPENDITURES | <u>976,627</u> | <u> </u> | <u>1,739</u> | <u>978,366</u> |
| EXCESS OF REVENUES OVER (UNDER EXPENDITURES) | (4,435) | 7,261 | (40) | 2,786 |
| FUND BALANCE JULY 1, 2004 | <u>508,872</u> | <u>158,446</u> | <u>4,654</u> | <u>671,972</u> |
| FUND BALANCE JUNE 30, 2005 | \$ <u>504,437</u> | \$ <u>165,707</u> | \$ <u>4,614</u> | \$ <u>674,758</u> |

Notes to the Financial Statements are an integral part of this statement.

GRAYLING TOWNSHIP
FIDUCIARY FUNDS - STATEMENT OF NET ASSETS
JUNE 30, 2005

| | TREASURER'S TAX COLLECTION ACCOUNT | TRUST AND AGENCY ACCOUNT |
|------------------------------|--|--------------------------------|
| ASSETS | | |
| Cash - checking | <u>\$3,453</u> | <u>\$400</u> |
| LIABILITIES | | |
| Due to general fund | 3,453 | |
| Payable to other governments | <u> </u> | <u>400</u> |
| TOTAL LIABILITIES | 3,453 | 400 |
| NET ASSETS | <u>\$0</u> | <u>\$0</u> |

GRAYLING TOWNSHIP
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
JUNE 30, 2005

| | TREASURER'S TAX COLLECTION ACCOUNT | TRUST AND AGENCY ACCOUNT |
|--|--|--------------------------------|
| ADDITONS | | |
| Property Tax Collections | \$5,353,753.0 | \$42,001 |
| Overpayment of Taxes | 8,452 | |
| Payroll taxes | | 96,073 |
| Other collections | <u>3,453</u> | <u>400</u> |
| Total Additions | 5,365,658 | 138,474 |
| DEDUCTIONS | | |
| Distributions S E T | 980,489 | 8,982 |
| Distributions to Schools | 2,719,509 | 18,205 |
| Distributions to County | 1,359,980 | 12,489 |
| Distributions to State | | |
| Distributions to Township | 297,228 | 2,725 |
| Distributions for payroll taxes | | 96,073 |
| Distributions of overpayments on taxes | <u>8,452</u> | |
| Total Deductions | <u>5,365,658</u> | <u>138,474</u> |
| NET CHANGE IN FIDUCIARY NET ASSETS | 0 | 0 |
| FIDUCIARY NET ASSETS - JULY 1, 2004 | <u>0</u> | <u>0</u> |
| FIDUCIARY NET ASSETS - JUNE 30 , 2005 | <u>\$0</u> | <u>\$0</u> |

GRAYLING TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE A: ENTITY

The Township of Grayling was formed prior to 1875 under general township laws and covers an area of approximately 180 square miles in Crawford County, Michigan. The township operates under an elected Board comprised of a supervisor, clerk, treasurer and two trustees and it provides services in many areas including fire protection, cemetery, compactor station, public road improvements, street lighting, township park, community development and general administrative services.

Grayling Township contracts with the City of Grayling to provide fire protection and cemetery space for township residents. The township contributes funds for the purchase of assets and in accordance with the contract, the township owns fifty per cent of the assets. The financial statements of these city funds are not included in this report. Audited financial statements for these funds are included in the City of Grayling audit each year.

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Grayling Township board adopted the required format of the Michigan Department of Treasury minimum requirements under the provisions of GASB No. 34. The township has elected not to prepare government wide financial statements

FUND FINANCIAL STATEMENTS

Fund financial statements are provided for governmental funds. The individual governmental funds are reported in separate columns as follows:

General Fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state grants, and other intergovernmental revenues.

Improvement Revolving Fund was established by the Grayling Township Board to fund future improvements as determined annually by the township board.

Capital Projects Fund was established to account for the construction of financed by an installment agreement with a local contractor and assigned to Citizens Bank.

Liquor Law Enforcement Fund was established by regulatory provisions to account for liquor fees received to be used for the enforcement of the liquor laws of the State of Michigan.

GRAYLING TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

CONTINUED

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL PRESENTATION

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Modifications in such method from the accrual basis are as follows:

1. Property taxes and other revenues that are both measurable and available are recorded when earned. Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year at which time the revenue is recorded. Grant revenue is recorded when required expenditures are made by the township. Other revenue is recorded when received.
2. Expenditures are recorded when approved by the township board. Inventoriable types of supplies and prepaid expenses are recorded as expenditures when paid.
3. Under township employment policies adopted by the township board, employees are allowed to accumulate vacation and sick leave which is payable upon termination of employment. Sick leave in excess of 210 hours is paid each year in June. The value of these benefits which had vested as of June 30, 2005 was \$14,511. The liability will be paid from future revenues and is not recorded in the general fund as an account payable.
4. Investments, which consist of certificates of deposits, money market accounts and a Treasury Portfolio income trust which is exclusively United States Treasury obligations are stated at cost which approximates market value.
5. Proceeds from loans are recorded in the year received. Payments of principal and interest are reported as expenditures in the year due.
6. Special Assessments for road improvements payable over 5 years are recorded at the at the time the road improvement is expended on behalf of the property owners. The township at the request of property owners has approved special assessment districts for the maintenance of private road which are on the December tax roll each year. The assessments are recorded as a liability payable to maintenance contractors. Street light special assessments are recorded as a reduction to street light expense.

The statement of fiduciary net assets funds are used to account for assets held in trust as an agent for other governmental units. The township has the Treasurer's Tax Collection Fund and the Trust and Agency Fund. The financial activity of the fiduciary funds is limited to collection of amounts which are subsequently returned and paid to third parties and, accordingly, are limited to cash transactions.

GRAYLING TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

CONTINUED

NOTE C: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

P. A. 621 of 1978, Section 18 (11) as amended, provides that a local unit shall not incur expenditures in excess of amount appropriated. Annual budgets of the township are adopted for each fund at the function and department level. During the year ended June 30, 2005, the township did not incur expenditures in excess of amounts appropriated for each department.

The township elected not to establish a separate Building Department Fund, since the fee structure is not intended to recover the full cost of the enforcement of the building codes.

NOTE D: COMMON BANK ACCOUNT

The township has a common bank account for the Trust and Agency Fund and the Liquor Law Enforcement Fund. The equity of each fund in the common bank account as of June 30, 2005, was as follows:

| | |
|-----------------------------|-----------------|
| Trust and Agency Fund | \$ 400 |
| Liquor Law Enforcement Fund | <u>4,614</u> |
| | <u>\$ 5,014</u> |

NOTE E: PENSION PLAN

The township has a defined contribution pension plan covering substantially all of its employees. The township contributes 12% of annual compensation for each covered employee. The plan is funded fully by the purchase of investments selected by each employee with 100% vesting immediately. The pension expense for the year ending June 30, 2005 was \$31,107. Manulife Financial is the trustee and custodian of the funds.

NOTE F: DEPOSITS AND INVESTMENTS

The township's June 30, 2005 bank balances for checking and investments were \$563,846 of which \$329,148 was covered by federal depository insurance, the remaining \$234,698 in cash was uninsured and uncollateralized. The township invests its general fund checking account in a sweep account at the bank which had a balance of \$193,650 as of June 30, 2005. The collected funds of this account are deposited or withdrawn on a daily basis by the bank in an income trust fund which invests exclusively in U. S. Treasury obligations. The moneys in this account are not covered by federal depository insurance. All other township investments are in a money market account and in certificates of deposits at local banks. State statutes prohibit security in the form of collateral, surety bonds or another form be taken for the deposit of public funds. The township adopted an investment policy which is in conformity with state statutes and has obtained the necessary signed statements from each depository bank.

GRAYLING TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

CONTINUED

NOTE G: DUE FROM STATE OF MICHIGAN

The township received a grant of \$230,000 from the Michigan Department of Natural Resources for the development of a township park with playground, pavilion, and trails. The township was required to match with \$125,000 of money from the general fund to be completed August, 2005. The project was not completed as proposed. Total grant earned is \$112,968 for the two fiscal years ending June 30, 2005. The township recorded \$36,341 due from the State of Michigan for qualified capital expenditures.

NOTE H: CAPITAL PROJECTS FUND

The township has an agreement with the City of Grayling to provide fire protection. In 2003, the township agreed to provide 50% of the funds required to construct a new fire station for the joint use of each governmental unit. The city manages the Fire Department with the township contributing funds based on an operating agreement approved by each municipality. The township signed an installment purchase agreement and promissory note with AuSable Construction to build the fire station for \$510,000. The installment agreement and promissory note with AuSable Construction was assigned to Citizens Bank for \$510,000 which was deposited in an escrow account with Crawford County Abstract & Title of Grayling, Michigan. The Township contributed additional funds for the project. As of June 30, 2005, \$980 remained in the escrow account.

NOTE I: CONTRACT PAYABLE

The contract assigned by AuSable Construction Co. to Citizens Bank for \$510,000 requires quarterly payments of \$11,041 including interest at 3.55% with a balloon payment due June 27, 2010 of \$316,778. The payments are budgeted in the Fire Department of the general fund. Scheduled payments are as follows:

| <u>Year Ended</u> | <u>Payments</u> | <u>Interest</u> | <u>Principal</u> | <u>Balance</u> |
|-------------------|-----------------|-----------------|------------------|----------------|
| June 30, 2005 | 44,163 | 17,058 | 27,105 | 456,792 |
| June 30, 2006 | 44,163 | 16,070 | 28,093 | 428,699 |
| June 30, 2007 | 44,163 | 15,045 | 29,118 | 399,581 |
| June 30, 2008 | 44,163 | 14,021 | 30,142 | 369,439 |
| June 30, 2009 | 44,163 | 12,883 | 31,280 | 338,159 |
| June 30, 2010 | 349,901 | 11,742 | 338,159 | -0- |

GRAYLING TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

CONCLUDED

NOTE J: FIXED ASSETS

The township has established the cost of assets which it owns. The costs are actual or estimates from deeds, township minutes, insurance records and prior audit reports. The township has not adopted a depreciation policy. The fixed assets as of June 30, 2005 are as follows:

| | |
|---------------------------------|--------------------|
| Land and land improvements | \$ 54,824 |
| Buildings | |
| Township Hall | 283,159 |
| Compactor and Recycling Station | 48,495 |
| Township Park | 64,000 |
| Fire Hall | 518,625 |
| Equipment | |
| Township Hall | 107,490 |
| Compactor and Recycling Station | 115,139 |
| Township Park | 197,068 |
| Fire Hall | 693,721 |
| Truck | <u>14,387</u> |
| Total | <u>\$2,096,908</u> |

REQUIRED SUPPLEMENTAL INFORMATION

GRAYLING TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2005

| | ORIGINAL BUDGET | AMENDED BUDGET | ACTUAL | VARIANCE WITH AMENDED BUDGET |
|-------------------------------------|--------------------|-------------------|--------------|------------------------------------|
| Beginning of Year Fund Balance | \$ 508,872 | \$ 508,872 | \$ 508,872 | \$ |
| Resources | | | | |
| Taxes and Penalties | | | | |
| Taxes real & personal | \$ 142,000 | \$ 142,000 | \$ 154,892 | \$ 12,892 |
| Penalties & interest on taxes | 10,000 | 10,000 | 21,944 | 11,944 |
| Trailer park fees | 300 | 300 | 0 | (300) |
| Payments in lieu of taxes | 0 | 0 | 50,237 | 50,237 |
| Tax Administration Fee | 50,400 | 50,400 | 52,352 | 1,952 |
| Total Taxes and penalties | 202,700 | 202,700 | 279,425 | 76,725 |
| Licenses and Permits | | | | |
| Metro Act Payment | 9,972 | 9,972 | | (9,972) |
| Building permits | 56,000 | 56,000 | 59,010 | 3,010 |
| Electrical permits | 16,000 | 16,000 | 14,386 | (1,614) |
| Plumbing permits | 6,400 | 6,400 | 6,521 | 121 |
| Mechanical permits | 12,600 | 12,600 | 9,770 | (2,830) |
| Cable license | 11,000 | 11,000 | 13,050 | 2,050 |
| Total Licenses and Permits | 102,000 | 102,000 | 102,737 | 737 |
| State Grants | | | | |
| Michigan DNR park grant | 36,200 | 36,200 | 0 | (36,200) |
| State revenue sharing | 376,020 | 376,020 | 431,956 | 55,936 |
| Total State Grants | 412,220 | 412,220 | 431,956 | 19,736 |
| Charges for Services | | | | |
| Summer tax collection | 33,800 | 33,800 | 35,768 | 1,968 |
| School Election charges | 4,000 | 4,000 | 1,525 | (2,475) |
| Compactor station fees | 153,000 | 153,000 | 78,796 | (74,204) |
| Fire Department Runs | 4,000 | 4,000 | 7,009 | 3,009 |
| Filing fees | 3,600 | 3,600 | 4,700 | 1,100 |
| Total Charges for Services | 198,400 | 198,400 | 127,798 | (70,602) |
| Interest on investments | 11,000 | 11,000 | 5,684 | (5,316) |
| Other | | | | |
| Recycling - County | 13,000 | 13,000 | 350 | (12,650) |
| Recycling Sales | 0 | 0 | 13,088 | 13,088 |
| Environmental Grants | 8,800 | 8,800 | 9,279 | 479 |
| Special Assessments - Roads | 71,100 | 71,100 | 0 | (71,100) |
| Other | 25,500 | 25,500 | 520 | (24,980) |
| Ordinance enforcement fines | 1,000 | 1,000 | 1,355 | 355 |
| Total Other | 119,400 | 119,400 | 24,592 | (94,808) |
| Amounts Available for Appropriation | \$ 1,554,592 | \$ 1,554,592 | \$ 1,481,064 | \$ (73,528) |

Notes to the Financial Statements are an integral part of this statement.

GRAYLING TOWNSHIP
BUDGETARY COMPARISON SCHEDULE - CONCLUDED
GENERAL FUND
YEAR ENDED JUNE 30, 2005

| | ORIGINAL BUDGET | AMENDED BUDGET | ACTUAL | VARIANCE WITH AMENDED BUDGET |
|--|--------------------|-------------------|-------------------|------------------------------------|
| Charges to Appropriations | | | | |
| General Government | | | | |
| Trustee Fees | \$ 2,500 | \$ 4,416 | \$ 4,416 | \$ 0 |
| Supervisor | 45,620 | 69,484 | 69,304 | 180 |
| Clerk | 39,680 | 54,555 | 54,555 | 0 |
| Computers / Information Technology | 14,000 | 17,000 | 16,389 | 611 |
| Board of Review | 600 | 600 | 392 | 208 |
| Other General Services | 35,600 | 38,371 | 38,371 | 0 |
| Treasurer | 28,466 | 53,139 | 53,131 | 8 |
| Assessor | 43,533 | 70,314 | 70,286 | 28 |
| Elections | 6,400 | 10,400 | 9,678 | 722 |
| Township Offices | 73,767 | 99,618 | 89,162 | 10,456 |
| Attorney & Court Fees | 10,000 | 11,675 | 11,675 | 0 |
| Cemetery | <u>63,260</u> | <u>63,260</u> | <u>38,329</u> | <u>24,931</u> |
| Total General Government | <u>363,426</u> | <u>492,832</u> | <u>455,688</u> | <u>37,144</u> |
| Public Safety | | | | |
| Township Law Enforcement | 27,448 | 33,531 | 33,379 | 152 |
| Fire Department | 168,185 | 168,185 | 140,683 | 27,502 |
| Inspection Department | <u>92,108</u> | <u>94,154</u> | <u>94,154</u> | <u>0</u> |
| Total Public Safety | <u>287,741</u> | <u>295,870</u> | <u>268,216</u> | <u>27,654</u> |
| Public Works | | | | |
| Road Improvements | 71,100 | 12,603 | 9,053 | 3,550 |
| Street Lighting | 38,585 | 38,585 | 37,383 | 1,202 |
| Compactor Station | <u>158,760</u> | <u>179,530</u> | <u>177,367</u> | <u>2,163</u> |
| Total Public Works | <u>268,445</u> | <u>230,718</u> | <u>223,803</u> | <u>6,915</u> |
| Community and Economic Development | | | | |
| Planning Commission | 1,500 | 2,256 | 2,256 | 0 |
| Zoning Board | 1,500 | 2,258 | 2,258 | 0 |
| Contracted Services | <u>10,000</u> | <u>10,000</u> | <u>10,000</u> | <u>0</u> |
| Total Community and Economic Development | <u>13,000</u> | <u>14,514</u> | <u>14,514</u> | <u>0</u> |
| Parks and Recreation | | | | |
| Township Park | <u>7,800</u> | <u>7,800</u> | <u>4,331</u> | <u>3,469</u> |
| Other | | | | |
| Insurance and Bonds | 16,000 | 13,958 | 10,499 | 3,459 |
| Medical Benefits | 48,800 | 0 | 0 | 0 |
| Retirement | 14,880 | 0 | 0 | 0 |
| Social Security | 18,400 | 0 | 0 | 0 |
| Sick Pay | 12,000 | 0 | 0 | 0 |
| Unemployment | <u>1,200</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Total Other | <u>111,280</u> | <u>13,958</u> | <u>10,499</u> | <u>3,459</u> |
| Total Charges to Appropriations | <u>1,051,692</u> | <u>1,055,692</u> | <u>977,051</u> | <u>78,641</u> |
| Budgetary Fund Balance, June 30, 2005 | \$ <u>502,900</u> | \$ <u>498,900</u> | \$ <u>504,013</u> | \$ <u>5,113</u> |

Notes to the Financial Statements are an integral part of this statement.

GRAYLING TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
IMPROVEMENT REVOLVING FUND
YEAR ENDED JUNE 30, 2005

| | <u>ORIGINAL BUDGET</u> | <u>AMENDED BUDGET</u> | <u>ACTUAL</u> | VARIANCE WITH <u>AMENDED BUDGET</u> |
|--------------------------------------|----------------------------|---------------------------|-------------------|--|
| Beginning of Year Fund Balance | \$ 158,446 | \$ 158,446 | \$ 158,446 | \$ 0 |
| Interest | 12,000 | 12,000 | 3,409 | (8,591) |
| National Forest Roads | <u> </u> | <u> </u> | <u>3,852</u> | <u>3,852</u> |
| Amounts Available for Appropriation | <u>170,446</u> | <u>170,446</u> | <u>165,707</u> | <u>(4,739)</u> |
| Appropriations | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Budgetary Fund Balance June 30, 2005 | \$ <u>170,446</u> | \$ <u>170,446</u> | \$ <u>165,707</u> | \$ <u>(4,739)</u> |

GRAYLING TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
LIQUOR LAW ENFORCEMENT FUND
YEAR ENDED JUNE 30, 2005

| | ORIGINAL BUDGET | AMENDED BUDGET | ACTUAL | VARIANCE WITH AMENDED BUDGET |
|--------------------------------------|--------------------|-------------------|-----------------|------------------------------------|
| Beginning of Year Fund Balance | \$ 4,654 | \$ 4,654 | \$ 4,654 | \$ _____ |
| State grants | <u>1,700</u> | <u>1,700</u> | <u>1,699</u> | (1) |
| Amounts Available for Appropriation | 6,354 | 6,354 | 6,353 | (1) |
| Appropriations | | | | |
| Public Safety | <u>2,160</u> | <u>2,160</u> | <u>1,739</u> | 421 |
| Budgetary Fund Balance June 30, 2005 | \$ <u>4,194</u> | \$ <u>4,194</u> | \$ <u>4,614</u> | \$ <u>420</u> |